



## CALIFORNIA GRAPE & TREE FRUIT LEAGUE

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April 7, 2003

Mr. Eric Foreman, Associate Deputy Administrator  
USDA Agricultural Marketing Service  
Fruit and Vegetable Programs  
Mailstop 0249, Room 2092-S  
1400 Independence Avenue, SW  
Washington, D.C. 20250-0249  
Phone – (202) 690-0262

Dear Mr. Foreman:

The California Grape & Tree Fruit League would like to submit comments regarding USDA's implementation of country-of-origin labeling requirements under the Farm Security and Rural Investment Act of 2002. The League is a statewide agricultural trade association that represents approximately 85 percent of California's fresh deciduous tree fruit and table grape shipments.

The League has reviewed USDA's guidelines, and it proposes several changes that would reduce the potential compliance burden on growers and shippers without compromising the effectiveness of the program or complicating regulatory enforcement activities once the guidelines become mandatory in 2004. The League's comments focus on five topics:

1. The time frame for promulgating the mandatory regulations - Although the implementation of the mandatory regulations is not scheduled to begin until October 2004, the League strongly urges USDA to establish the final regulations as soon as possible to allow industry sufficient time to make any necessary adjustments to their practices or packaging. Shippers tend to order their packaging and labeling supplies well in advance of their shipping season, so they will need as much time as possible to order new supplies and to deplete inventories of older packaging that do not conform with the regulations. A long notification period will help ensure an orderly implementation of the new requirements.
2. Record-keeping requirements - The proposed USDA guidelines require that growers, distributors, and retailers maintain records specific to the origin of every product sold. This extensive record-keeping requirement is likely a major reason why the USDA industry compliance cost estimate is nearly \$2 billion. USDA should amend this portion of the proposed requirements, as it would be duplicative of existing commercial transaction documentation practices. It is entirely unnecessary for retailers or shippers to keep a separate set of historical records regarding the origin of all of the products handled, as USDA Perishable Agricultural Commodity Act (PACA) regulations require that two years of

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records be kept to substantiate market transactions. The records used by industry to comply with PACA regulations should satisfy country-of-origin requirements and provide sufficient information for USDA auditing purposes. To minimize compliance costs, no additional record keeping should be required of growers, shippers, distributors, or retailers.

3. Notification options - USDA should establish a regulatory regime that ensures that shippers have a wide range of cost effective options for providing country-of-origin notification. Product stickers, tags, wraps, ties, bag labels, bin markings, and other options should all be permitted with no additional point of display signage required. If a product's shipping carton is incorporated into the retail display and the country of origin is readily visible to the consumer, then additional labeling in the display should not be required. Further, USDA should establish a tolerance for products that are missing stickers or markings. The League suggests that USDA should specifically state in the final regulation that a bulk retail display of produce complies with the Act if 75 percent of the produce items in the display or bin have stickers with country-of-origin information.
4. State labels - USDA should specifically state in the final regulations that state marketing labels (e.g., "California Grown," "Product of California," or "California Table Grapes") be allowed in lieu of country of origin. In some cases, industry groups and state agencies have invested significant resources in marketing and promotional campaigns and have established strong consumer recognition and support for their products. If state labels were used, adding a country-of-origin notification would be unnecessary. Consumers are unlikely to be confused as to the country of origin of these products, and the industry cost of compliance will be reduced.
5. Penalties - USDA should ensure that any financial penalties imposed on shippers or retailers are commensurate with the frequency and level of violations. Growers and shippers should only be held accountable for acts on their part and not be held responsible for negligence, omissions, or misstatements on the part of retailers. Although shippers have a responsibility to inform their retail customers of the product origin, the ultimate burden for ensuring that the shopping public is properly notified must fall entirely on the retailers.

The League appreciates your consideration of its recommendations. If you have any questions, please contact me.

Sincerely,



Rob Neenan, Director

Technical and Transportation Services